



Annual Report



1954

STANDARD OIL COMPANY OF CALIFORNIA

Annual Report

STANDARI

OIL COMPANY OF CALIFORNIA

Directors and Officers

R. G. FOLLIS *Chairman of the Board, Director*
T. S. PETERSEN . . . *President, Director*
HILLYER BROWN . *Vice-President, Director*
F. S. BRYANT . . *Vice-President, Director*
H. D. COLLIER *Director*
G. A. DAVIDSON . *Vice-President, Director*
A. N. KEMP *Director*
GAGE LUND . . . *Vice-President, Director*
ATHOLL McBEAN *Director*
E. J. McCLANAHAN *Vice-President, Director*
ROBERT W. MILLER *Director*
PAUL PIGOTT *Director*

W. H. BEEKHUIS *Vice-President*
K. H. CRANDALL *Vice-President*
W. W. DAVISON *Vice-President*
P. L. FAHRNEY *Vice-President*
F. M. JAYNE *Vice-President*
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O. N. MILLER *Vice-President*
G. J. O'BRIEN (*Los Angeles*) *Vice-President*
G. L. PARKHURST *Vice-President*
E. R. PETERSON *Vice-President*
J. E. TOUSSAINT *Vice-President*
H. G. VESPER *Vice-President*
G. M. FOSTER *Secretary*
H. C. JUDD *Treasurer*
G. F. GEPHART *Comptroller*
W. L. GREEN *Assistant Secretary*
H. L. SEVERANCE . . . *Assistant Secretary*
J. S. TATE *Assistant Treasurer*

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	1954	1953
<i>Gross Income</i>	\$1,228,994,565	\$1,156,757,475
<i>Expenses</i>	1,017,122,118	967,304,025
<i>Net Income</i>	\$ 211,872,447	\$ 189,453,450
<i>Net Income Per Share</i> (30,106,851 shares)	\$7.04	\$6.29
<i>Cash Dividends</i>	\$ 87,064,496	\$ 86,019,576
<i>Stock Dividend</i>	5 ^c / ₆	
<i>Capital and Exploratory Expenditures</i>	\$ 281,444,263	\$ 223,602,181
<i>Total Assets</i>	\$1,677,848,857	\$1,535,184,526
<i>Liabilities and Reserves</i>	291,445,738	273,589,358
<i>Shareholders' Equity</i> —at book value	\$1,386,403,119	\$1,261,595,168
Per Share (30,106,851 shares)	\$46.05	\$41.90

<i>Production—Refining—Sales:</i>	<i>Barrels Daily</i>	
Gross Production of Crude Oil		
Western Hemisphere	316,344	315,912
Interest in Eastern Hemisphere	325,574	290,033
Total World-Wide	641,918	605,945
Refinery Runs of Crude Oil		
Western Hemisphere	430,329	446,604
Interest in Eastern Hemisphere	221,626	201,728
Total World-Wide	651,955	648,332
Sales of Petroleum Products		
Western Hemisphere	433,808	432,733
Interest in Eastern Hemisphere	203,587	190,016
Total World-Wide	637,395	622,749

RESULTS IN BRIEF

338.7
5+25
1954

ANNUAL REPORT

1954

To the Shareholders of Standard Oil Company of California

Net income from all sources, after taxes, in 1954 gained 12 per cent over the previous year and totaled \$211,872,447, equal to \$7.04 a share. In 1953, the previous high year, the net was \$189,453,450, or \$6.29 a share on the basis of the number of shares now outstanding. A larger number of shares was outstanding at the end of 1954 than a year earlier, because of the 5 per cent stock dividend declared in September, 1954. Cash dividends were paid during the year at the rate of \$3.00 a share on stock then outstanding.

The increase in earnings in 1954 was the result of larger returns from affiliated companies in the Eastern Hemisphere, since profits from operations in the Western Hemisphere were somewhat less than in 1953.

Western Hemisphere

Western Hemisphere results were affected primarily by two factors: smaller margins of profit due to more intense competition in the marketing field, and reductions by some states of the United States in the rates of crude oil production allowed under their laws. However, product sales gained both in volume and in dollars over the year before and the results of operations otherwise continued to be satisfactory.

The sustained growth of the business in 1954 required capital and exploratory expenditures of \$281,000,000. This was the Company's largest investment program for a

single year, exceeding the outlay during either of the two preceding years by about \$55,000,000. Nevertheless, because of the ever-growing need for petroleum products, the Company plans to increase its 1955 outlays for these same purposes still further to around \$300,000,000. It is expected that funds on hand and proceeds from current operations will be adequate to finance this program without new borrowing.

The Company engages in all the basic, traditional functions of the industry: exploration and production, transportation, refining and marketing. In addition, it has established an important position in the relatively new field of petrochemicals. However, successful exploration for new reserves is a fundamental starting point from which to carry out the other operations. Sufficient new oil must be found to replace the amounts withdrawn from reserves for current business and to provide for future expansion. For this reason, exploratory efforts have been steadily intensified, a record sum of \$105,000,000 having been spent in 1954 in furtherance of this long-range program.

When discoveries have been made, the next step in the cycle of integrated operations is the development of these new oil properties by drilling. This is likewise an expensive and prolonged procedure. Expenditures for such development in 1954 were \$78,000,000.

The outcome of these activities in explora-

tion and development in 1954 was the most rewarding in many years. Particularly satisfactory results were obtained in the Gulf Coast of Louisiana and Texas, both offshore and inland, and in California, Canada and Venezuela. Also, preliminary explorations on the island of Trinidad were encouraging. Further intensified exploratory efforts are planned there during 1955.

In all, as a result of exploration and development, new oil was added to the Company's underground stocks in 1954 at over twice the rate of withdrawal, thereby making a net addition to reserves of more than half of the new oil proved during the year.

Other investments, totaling \$98,000,000, were made principally for marketing and distributing facilities and for refinery installations. The latter are for the processing of new and higher quality products; to increase yields of the light products in greatest demand, such as gasolines; and for manufacture of a wide range of petrochemical products.

The Company added \$5,000,000 to its cash and government securities accounts, bringing the total to \$178,000,000 at the end of the year. Also, the Company reduced its borrowings by \$4,600,000.

Eastern Hemisphere

The Company's estimate of its equity in earnings of the Eastern Hemisphere affiliates, as represented by its 30 per cent interest in Arabian American Oil Company and 50 per cent interest in the Caltex Group, amounted to \$117,399,000 in 1954, compared with \$109,457,000 in 1953. Dividends from these sources contributed \$99,253,000, after taxes, to the Company's net income in 1954, compared with a similar income of \$53,213,000 in the prior year. These dividends represented a substantially higher proportion of current

earnings of the affiliates than normally would be anticipated by the Company and more than was declared in previous years.

The high proportion of earnings declared as dividends by the affiliates resulted in part from the conclusion, late in 1954, of negotiations with the Saudi Arabian Government. These negotiations concerned readjustment of crude oil prices previously charged for oil produced by Aramco.

This readjustment increased Aramco's income, but at the same time added substantially to the cost of crude oil purchased by the Company and certain of its affiliates in the Caltex Group. These cost increases offset in some measure the income to the Company from the increased 1954 dividend declarations. Also, in the case of companies in the Caltex Group, the added costs materially reduce the availability of funds for reinvestment in their business.

A group of American oil companies acquired a 40 per cent interest in the operation of Iran's oil industry, with the Company holding a one-fifth share of this interest. This action was approved and encouraged by the State Department of the United States, to restore Iran's oil production and thereby contribute to stability in the Free World. Regularly increasing demands for petroleum products are expected to permit return of Iran's oil to world markets, without disrupting the economies of other Middle Eastern countries which are primarily dependent on income from oil production.

* * *

A basic reorganization took place in the management structure of the Company. The Western Operating Division was established to conduct the Company's operations in the seven Western States, Alaska and Hawaii and thus

provide more independence in these activities. The Division has its own management, which reports to the Parent Corporation. In the latter, executive functions have been reassigned to the end that more time and effort may be devoted to increasingly complex national and international problems.

The Company believes that the operations of American oil companies working abroad have been of great benefit to the progress of the Free World. Moreover, because of steadily increasing demands for oil in the United States and because of national security requirements, these foreign sources of crude must be available to augment supplies in our own country. The United States cannot produce every barrel which the domestic industry is capable of producing, if it is to maintain a reserve of productivity for emergency. In accordance with this view, the Company has imported oil to the United States from the Middle East, Indonesia and Venezuela. It holds, moreover, that such imports should not be regulated by inflexible laws, but rather should be determined by proper supply and demand relationships.

Of vital interest to the domestic oil and gas industry is the recent United States Supreme

Court decision which has resulted in Federal regulation of the production of natural gas going into interstate commerce. In the opinion of the Company, regulation of such a highly competitive and risk-taking activity as the finding and producing of natural gas strikes at the basic philosophy of our country's economic system. If natural gas can be controlled today, oil and all other commodities moving in interstate commerce can be similarly controlled tomorrow. Shareholders are urged to support legislation in the United States Congress to restore the historic status of the production of natural gas.

The management believes the year's results demonstrate the strength and soundness of all the basic branches of the business. In contemplating the future, the Company finds great satisfaction in its opportunities to play a part in the strengthening of the United States and to contribute to the prosperity of peoples elsewhere in the world where it operates. Much of that which was accomplished in 1954 resulted from the efforts of employees of the Company and its affiliates in all parts of the world. They participated in the year's achievements and their loyalty and industry are counted upon for a continuation of progress in 1955.

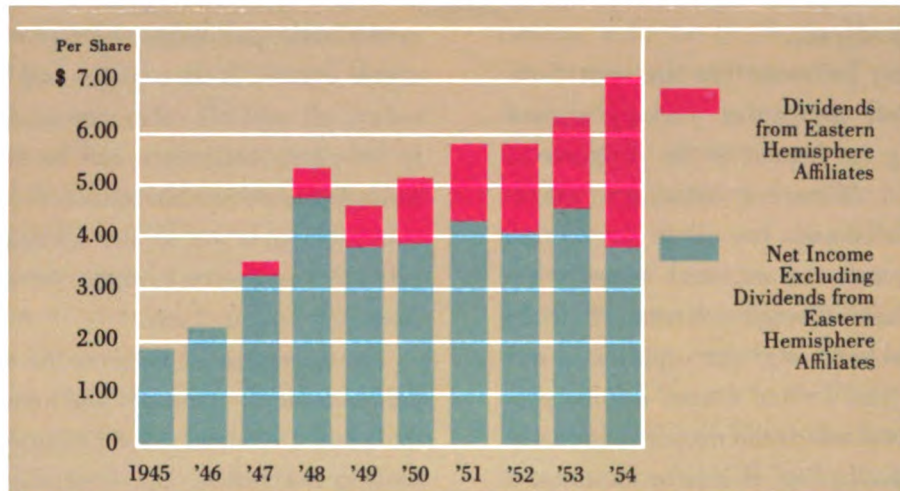
By Order of the Board of Directors

T. S. PETERSEN, President

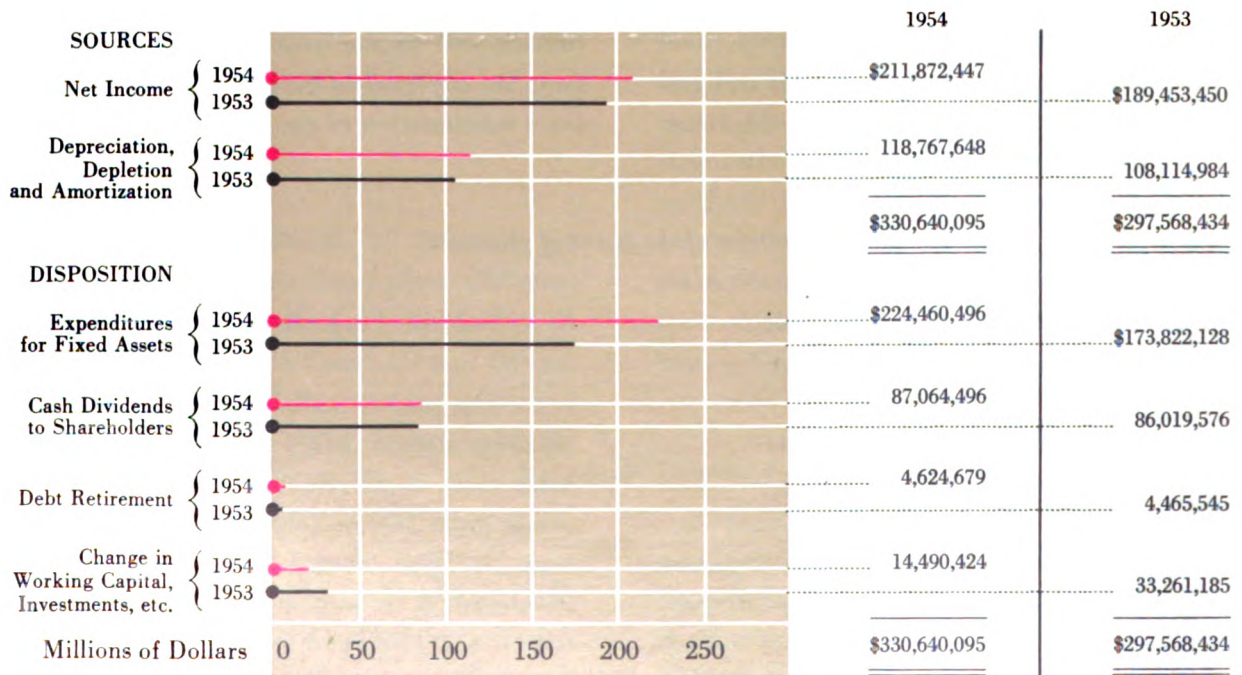
R. G. FOLLIS, Chairman of the Board

March 14, 1955

CONSOLIDATED NET INCOME (After Taxes)



SOURCES AND DISPOSITION OF FUNDS



Review of Operations

WESTERN HEMISPHERE

(Unless otherwise explained, operations discussed in this section are those of the Company and its wholly owned subsidiaries.)

EXPLORATION AND DEVELOPMENT

The year saw accelerated activity in the long-range program to find new oil reserves and to develop proved properties. As a part of the same program, the Company emphasized conservation projects and practices designed to obtain the maximum ultimate recovery of oil from the ground.

Drilling operations during 1954 are summarized as follows:

Total number of wells drilled . . . 672

Successful completions (including gas wells)

Exploratory 19

Development 528

Dry holes

Exploratory 72

Development 53

Oil and gas wells producing at the end of the year totaled 8,288.

Gross production was at the rate of 336,300 barrels daily, including 20,000 barrels of natural gas liquids. This compared with 1953 production at the rate of 337,900 barrels daily, including 22,000 barrels of natural gas liquids. Distribution of production by areas was:

California . . . 131,100 barrels daily

Other United States 157,700 barrels daily

Other Western Hemisphere

countries . . . 47,500 barrels daily

It will be noted that the total production volume for the Western Hemisphere was nearly the same as in 1953. Volume in the United States decreased as the result of reductions in the production of crude oil legally allowed by many states, notably Texas and Louisiana. In California, the Company voluntarily reduced its heavy crude oil production, due to a current oversupply of this particular grade of oil.

Settlement of the dispute over ownership of the submerged lands lying off the coastal areas of the United States focused attention of the oil industry on the two most immediately promising areas, off the Gulf Coast of Louisiana and Texas. Lease offerings by both the State and Federal governments resulted in intensely competitive bidding by many companies.

The Company's two subsidiaries operating in those areas, The California Company and Standard Oil Company of Texas, were successful in obtaining several desirable areas for exploratory drilling. Contrary to some opinion, development of these offshore areas does not promise quick and easy profits, because of the high cost of leasing and subsequent operations. As an instance of the preliminary costs, the two subsidiaries spent approximately \$23,500,000 for lease acquisitions in 1954. Obtaining a lease is no guarantee that oil will be found in paying quantities; the lease merely grants the privilege of trying to find oil.

Review of Operations

EXPLORATION



However, these particular coastal areas do hold promise of becoming a new horizon in the development of petroleum reserves in the United States. Public treasuries will benefit from the resulting income.

Early this year, The California Company made two new pool discoveries in Louisiana's offshore waters. Both indicate sizeable additions to the subsidiary's reserves.

Principal operations of The California Company are in Louisiana, Mississippi, Colorado and Wyoming. Leases were acquired in Louisiana, Mississippi, Alabama, Colorado, Wyoming, Montana and North Dakota. Geological and geophysical studies were made in these states and in Florida and Georgia.

A new field discovery, which is expected to provide important additional reserves, was reported at Dixon Bay, Plaquemines Parish, Louisiana. Further significant new pool discoveries were made at three other Louisiana locations, and a fourth in Washakie County, Wyoming.

In July, Standard Oil Company of Texas brought in the first successful well to be drilled off the shores of Texas by any company since settlement of the title question. The well is located 22 miles southeast of Corpus Christi. This subsidiary also acquired a large block of submerged land on Federal leases 25 miles east of Galveston.

Standard of Texas also made a discovery in the northwest Texas Panhandle, in the Dalhart Basin, where it holds considerable acreage. In addition, it made an oil discovery in West Texas and a gas find in South Texas. Early this year, it brought in a discovery well in the Sherman area of North Texas.

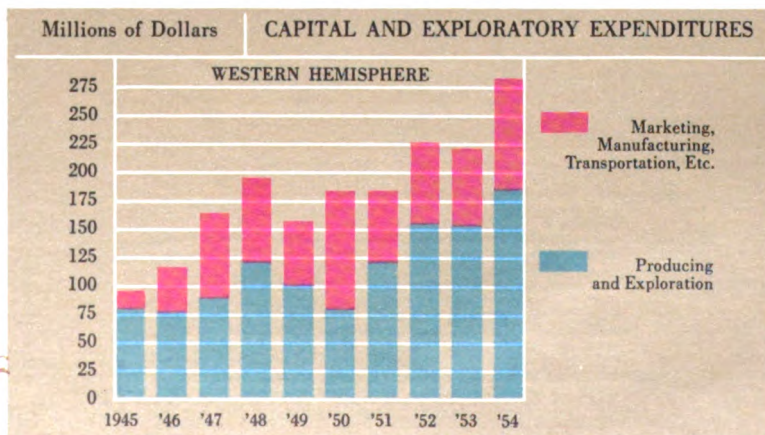
The Western Operating Division undertook development of several new discoveries made in 1954, including the Fillmore field and the Livingston zone at Oxnard, both in Southern California; and the North Leda pool in Guijarral Hills and the Exeter pool at Midway, both in the San Joaquin Valley.

Other exploratory programs were under way in Utah, Nevada, Washington and Oregon.

Geological and geophysical work continued in California offshore areas, but lack of enabling legislation prevented any drilling, except by directional methods from onshore sites.

To the north, in Canada, The California Standard Company carried out a vigorous program of development drilling and added substantially to reserves in the Joffre field in central Alberta and the Daly area in Manitoba. It also completed a discovery well in Manitoba, establishing an extension of the Scallion-Roselea-Virden trend of production.

While California Standard increased its total production during the year, lack of markets continued to hold its output below potentials



from developed properties. However, indications are that 1955 will see Canada's market position improved and this subsidiary expects to increase its own production rate appreciably.

A broad program of exploration was continued during the year by California Standard. Large tracts of land were leased in central and eastern Saskatchewan, in Alberta and in southeastern British Columbia. These leases were added to other properties being held for exploration. In total, this subsidiary held 10,187,000 acres in Canada.

Company geologists in Alaska surveyed areas for possible future exploratory drilling and an agreement was entered into with the Department of the Interior for further survey work in 1955.

In South America, a number of subsidiaries engaged in exploration work and development drilling. Richmond Exploration Company

established substantial additions to the reserves of Venezuela's Boscan field, a source of asphaltic-type crude which is in rapidly increasing demand for road building. This subsidiary had 521,000 acres of concession holdings at the end of the year.

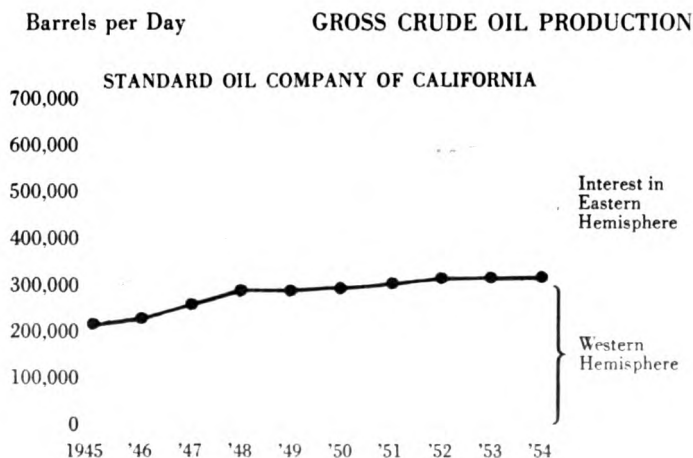
Exploratory drilling was carried on in Venezuela, Peru and Colombia, but without success in finding oil. More than 3,000,000 acres are held in Peru and applications have been filed for more than 3,000,000 acres in Colombia.

Field geological investigations were begun in three areas of coastal Ecuador, where concessions of nearly 3,000,000 acres are held. Inquiries were also begun into the petroleum possibilities of several other Central and South American countries.

In Trinidad, Dominion Oil Limited started an exploratory drilling program which is to be continued in 1955.

Review of Operations

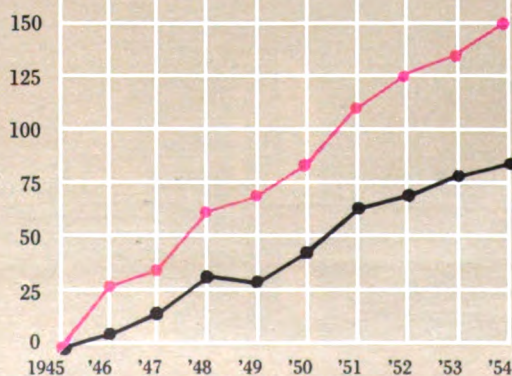
PRODUCING





Percent Increase

GROWTH IN GROSS CRUDE OIL PRODUCTION



Standard Oil Company of California, Including Interest in Eastern Hemisphere

Total World Production Excluding U.S.S.R.

MANUFACTURING There are three main ways to meet competition in the manufacturing end of the oil business: to build plants that will turn out more and better products of the kinds that are rising in public demand; to redesign plants for more efficient cost-cutting operations; and to venture into new, but related, processes that promise profitable returns.

These have been the elements of the Company's planning in refinery construction, as developments of the last ten years have pointed the way toward new trends in the petroleum industry. To carry out its program in 1954, the Company spent \$64,000,000 on refinery units and new petrochemical plants, the latter to supplement the basic business of processing petroleum. An even larger sum will be invested in 1955.

New catalytic cracking facilities were completed at El Segundo, California, in the program to increase yields of aviation and high quality motor gasolines and decrease the output of heavy fuel oils. A chemical derivative from this new plant is sent to the Richmond refinery, also in California, for further processing into a petrochemical.

Construction of two large catalytic reformers was begun and completion is expected in

April, 1955. The plants, one at Richmond and the other at El Segundo, also are designed to produce higher quality gasolines.

A plant is being built at Richmond for the manufacture of a chemical intermediate known as isophthalic. Scheduled for completion in late 1955, it will be the first of its kind in the United States for commercial production of this outstanding new material, which will be used in plastics and surface coatings.

A new plant went into operation at Richmond to manufacture phenol, a basic chemical used for making plastics, plywood adhesives, insecticides and other chemicals.

Arrangements were made with the Federal Government, subject to review by Congress, for purchase of the butadiene plant built at El Segundo during World War II. This plant manufactures a principal component of synthetic rubber.

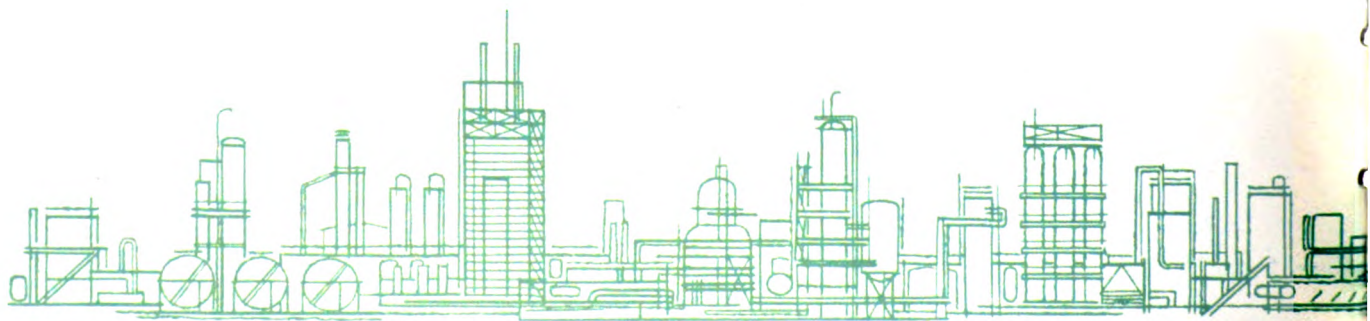
Work was completed on a major expansion of the Vancouver refinery of Standard Oil Company of British Columbia Limited.

Salt Lake Refining Company expects completion of its second catalytic cracker this summer.

Construction was begun by Standard Oil Company of Texas of a platformer, another

Review of Operations

MANUFACTUR

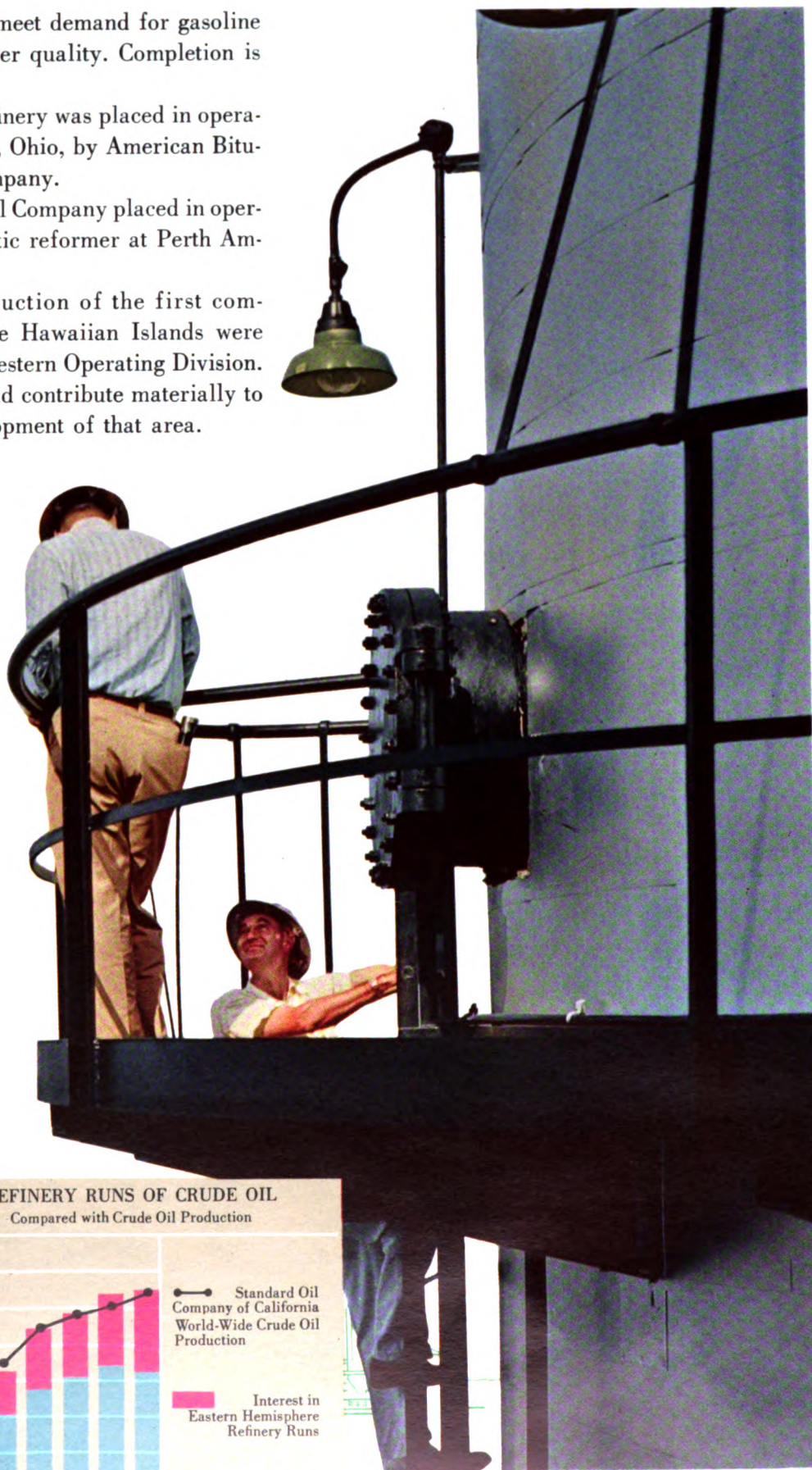


project designed to meet demand for gasoline of increasingly higher quality. Completion is expected this fall.

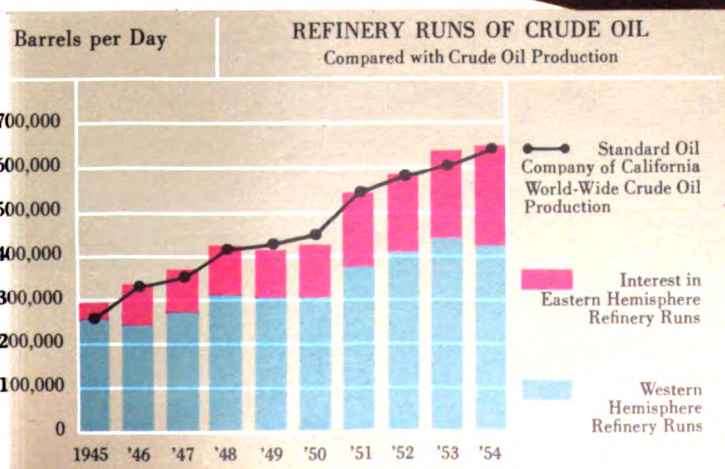
A new asphalt refinery was placed in operation near Cincinnati, Ohio, by American Bitumuls & Asphalt Company.

The California Oil Company placed in operation its new catalytic reformer at Perth Amboy, New Jersey.

Plans for construction of the first complete refinery in the Hawaiian Islands were announced by the Western Operating Division. The new plant should contribute materially to the economic development of that area.



NG



MARKETING In 1954, for the first time in five years, products of all kinds were plentiful in the industry. As a consequence, competition became more intense. Business as a whole slowed down somewhat, but there was evidence of a strong pickup late in the year and in early 1955. The Company's income from sales of products and services was up 3 per cent over 1953, although in many cases at smaller profit margins.

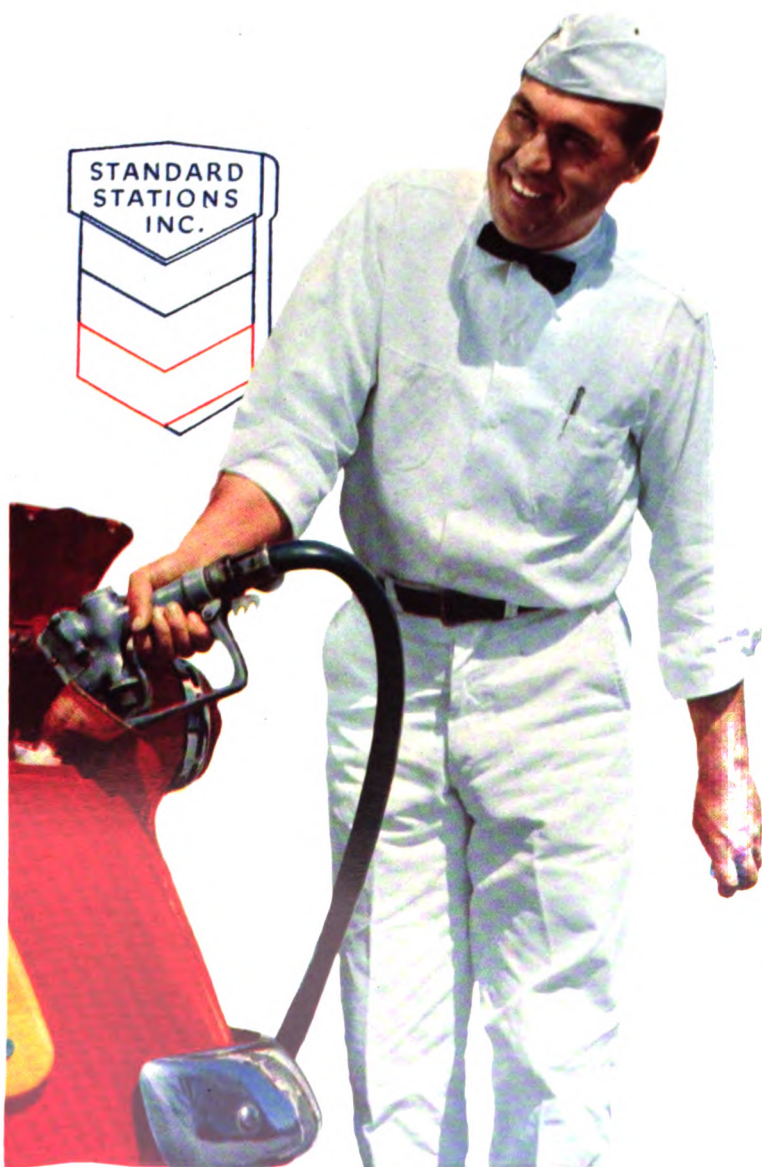
The Company maintained a strong competitive position in gasoline sales by introducing, early in 1954, the world's first detergent action gasoline, followed by further improvements in octane ratings. The big new air liners

require more and better fuels and the Company is supplying a substantial share of this market in the West.

Service station development received increasing attention, in view of the continued rapid growth in suburban population and the construction of networks of new highways on the Pacific Coast. Company products in the area are handled by more than 6,000 independent Chevron dealers and the 1,100 units of Standard Stations, Inc.

Improvement of the marketing distribution system was accomplished by the construction of new plants and terminals and the renovation of others. These activities were in the

Review of Operations



interest of more economical product handling.

The Company, a pioneer in consumer credit in the oil industry, continued to make particular efforts to obtain the credit business of qualified motorists.

Standard Oil Company of British Columbia Limited strengthened its marketing position in British Columbia with completion of its refinery construction program at Vancouver. Sales gains were shown in all major product lines.

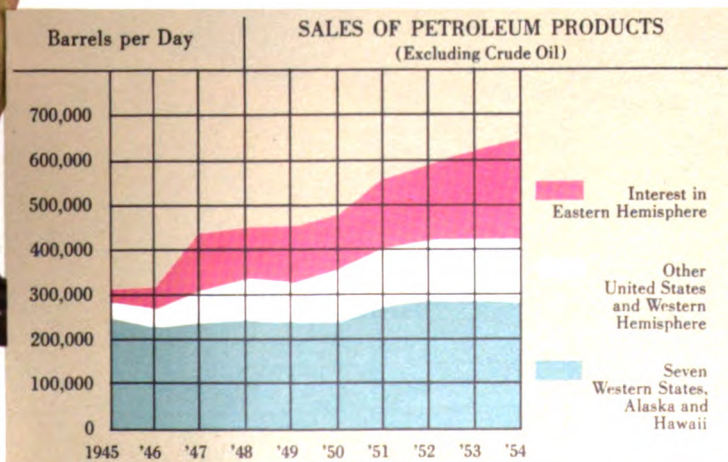
The California Oil Company, which refines and markets along the Eastern Seaboard under the brand name of "Calso," now serves over 2,300 service stations. It operates through distributors to retail outlets in 11 states from Maine

to Virginia and in the District of Columbia.

Standard Oil Company of Texas, a major marketer in West Texas and New Mexico, continued to improve its various sales facilities.

Operations of American Bitumuls & Asphalt Company, now 25 years old, were accelerated to keep pace with the national highway building boom. Completion of its new asphalt refinery at Cincinnati enabled this subsidiary to expand marketing of "Bitumuls" Emulsified Asphalt made from Venezuelan Boscan crude, which is excellent for road building. American Bitumuls now has six refineries and manufactures and markets through 25 plants and district offices.

MARKETING



RESEARCH The petroleum industry historically has been prominent in the research field. A natural consequence has been vigorous competition to improve processes and plants and to find new and better products to fill consumer needs. Petroleum researchers also must keep in the forefront of developments in other industries which in turn require new fuels, lubricants and chemicals. Automotive designers, for example, are dependent on the ability of oil companies to provide the higher grade gasolines and finer lubricants that will permit maximum performance of new engines. Special requirements of national defense likewise figure importantly in petroleum research.

California Research Corporation, which spent approximately \$7,000,000 for research and development in 1954, has been alert to the expanding frontiers of petroleum. It has played a fundamental role in the Company's progress, not only in the improvement of the basic products, but also in the diversification of materials that can be extracted from oil and marketed profitably.

Chemicals are attracting increasing attention. The pioneer research done in this field has given the Company a position of leadership, and constant effort is being exerted to maintain and extend this present leadership.

One of the latest examples of this kind of accomplishment was the development in the laboratories of a commercial process to produce the material isophthalic, which has been mentioned previously. Interest already displayed in this material by the paint and plastics industries appears to assure its success. Other studies in chemical developments are being conducted.

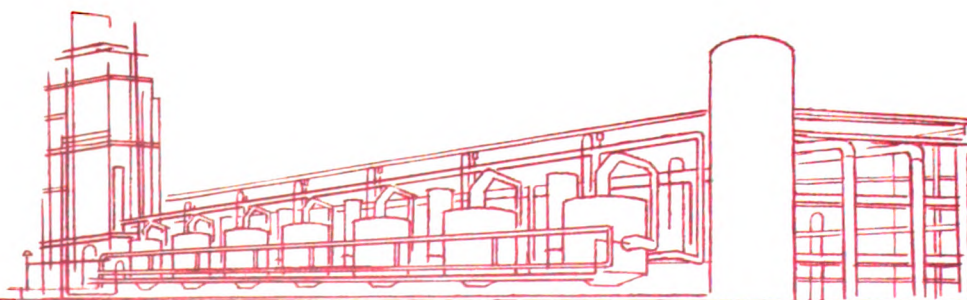
Work carried out by California Research also made possible the unique qualities of the Company's new gasolines and another improved motor oil, all of which were placed on the market in 1954.

New techniques for finding oil, for drilling and for conservation received the specialized attention of a section of the research staff. One of the research branches, located in its own headquarters at La Habra, in Southern California, has devoted most of its time to these studies.

Research frequently extends into unusual fields which may seem remote to the oil industry, but which are vital to its operations. As an example of such unique studies, California Research men worked with the two subsidiaries in the Gulf Coast of Louisiana and Texas to measure and record the forces of ocean waves. The information to be derived is

Review of Operations

RESEARCH



expected to prove valuable in the design and construction of offshore drilling platforms. These installations present peculiar problems because of their location well out in the ocean waters where they are subject to violent wave action.

Process research emphasized, in particular, the development of a number of catalysts used in modern refining equipment. Improvements in this field permit the selection and design of new plants and more economic operation of existing plants.

CHEMICAL PRODUCTS Because the Company has led in the development of several of the most successful chemicals derived from

petroleum, it now occupies a favorable position in the continuing progress in this field.

Sales of industrial chemicals are handled by Oronite Chemical Company, which operates in domestic and foreign markets. It specializes in basic and intermediate products which are bought by other manufacturers for final processing and distribution. Among its customers are the chemical, petroleum, soap, textile, plastics, paint, automotive, plywood and mining industries. Sales by Oronite in 1954 were the highest in its history.

Oronite's products include the basic materials used in manufacturing certain types of the detergents so popular for home use; superior new surface coatings, both paints and



Review of Operations

TRANSPORTATION



finishes, for automobiles and home appliances; and synthetic fibers which go into many modern textiles, including clothing. Oronite also sells petroleum additives to other oil companies; and phenol and acetone, which are fabricated into adhesives, plastics and a variety of other new synthetic materials. A new chemical intermediate to be placed on the market this year will be used to make superior protective enamels and paints for use on woodwork, automobile bodies and household appliances. It will also serve as an improved constituent of fiber glass articles such as fishing rods, molded auto bodies and small, lightweight boats.

Oronite acquired interests in two new ventures abroad; one in England to manufacture additives for compounded motor oil and the other in Scotland to produce materials for detergents. Both will help to supply growing European demands.

California Spray-Chemical Corporation's dollar volume was the best in several years. This subsidiary markets insecticides and garden and agricultural pest control products on a national and international basis. Its trade name, ORTHO, is foremost in its field in the United States. Continued attention was given to strengthening the organization in the eastern United States. Improvement in economic conditions in foreign countries was reflected in shipments abroad and in the activities of foreign subsidiaries and affiliates. Such companies are now operating in Canada, Mexico, France and Germany.

TRANSPORTATION A 248-mile products pipe line, running from El Paso to Albuquerque, New Mexico, was completed early in 1955. The Company now operates 3,370 miles of crude oil and products trunk pipe lines in the United States.

A tanker was converted to carry petrochemical materials from the West to the East Coast. On return, it carries other high-value products.

The Company and its wholly owned subsidiaries own 26 seagoing tankers and have a number of large tankers under charters.

PERSONNEL The Company and its wholly owned subsidiaries employed 35,354 men and women at the end of the year.

Of those eligible for the Stock Plan, 96 per cent were members, or a total number of 12,724. More than 360,000 shares, or 1.2 per cent of the total number of shares outstanding, are now held in trust for these employees.

Personnel policies are based on the desire to provide satisfactory working conditions and a progressive personnel relations program. The Company has instituted employee benefit plans ranking high in American industry.

The long-established safety program contributed materially toward safe working conditions. Employees co-operating in this endeavor were responsible for substantial reductions in industrial injuries and motor vehicle accidents. The finest rates for safety in the Company's history were established during the year of 1954.

PUBLIC RELATIONS The climate of public opinion in which the Company carries on its business is one of the more important factors affecting its success. The objective of the Company's public relations program and of its general policies is to assure the understanding and general acceptance of the Company by the greatest possible number of people.

During the past year, one of a continuing series of public opinion surveys provided direction for future public relations efforts and showed that current public attitudes toward the Company generally were more favorable than they ever had been.

The public relations program utilizes special activities and advertisements to tell the Company's story to the general public and selected groups.

Review of Operations

EASTERN HEMISPHERE



ARABIAN AMERICAN OIL COMPANY

(Aramco) In only 16 years, since the first commercial oil discovery was made in Saudi Arabia, this desert kingdom has become a prime example of the results that American business can achieve in co-operation with a nation in the utilization of a rich natural resource. Standards of health, education and other living conditions have been raised and Aramco's policy of employing Saudi Arabs in every possible job has created unique opportunities for the people. The present monarch, King Saud Ibn Abdul Aziz, is continuing to carry on and extend the improvements in public welfare that his late father, King Ibn Saud, set in motion some years ago. Relationships between Aramco and the Saudi Arabian Government continue to be cordial and co-operative. The Company holds a 30 per cent interest in this venture.

Aramco's crude production averaged 953,000 barrels daily in 1954, compared with 844,600 barrels daily for 1953. Although production from existing fields is ample, exploration activities were continued in various sections of the country.

Known oil reserves in Saudi Arabia are among the world's largest and they were further expanded by exploration activities in 1954. Several conservation studies and projects were under way to insure greatest possible ultimate recovery.

Refining operations during 1954 were near capacity. The Ras Tanura refinery processed an average of 218,800 barrels daily of crude

oil, an increase of 7 per cent over 1953. New refining facilities, completed late in 1953, added materially to Aramco's program for improvement of product quality. A catalytic reformer, designed to produce higher octane gasolines, is nearing completion at Ras Tanura.

TRANS-ARABIAN PIPE LINE COMPANY

(Tapline) Tapline, 30 per cent owned by the Company, is now in its fifth year of operation. During 1954, 318,300 barrels daily of Arabian crude were delivered to the Mediterranean terminal at Sidon, Lebanon. The construction debt was reduced, bringing the amount owed insurance companies to \$85,000,000.

CALTEX The Caltex Group of companies, in which the Company has a 50 per cent interest, have 30,800 employees, the large majority of whom are foreign nationals. These companies operate in the Eastern Hemisphere outside of the Iron Curtain.

Sales of crude and products during 1954 amounted to 531,800 barrels daily, as against 495,000 barrels daily in 1953, despite greatly increased competition in international oil markets.

Refineries wholly or partially owned by Caltex companies processed a total of 365,200 barrels daily in the Eastern Hemisphere during the year, an increase of 37,400 barrels daily over 1953.

A new 13,000 barrel-a-day wholly owned refinery went into operation at Batangas, Philippine Islands. This plant, the first oil refinery

Millions
of Dollars

EQUITY IN NET ASSETS
OF EASTERN HEMISPHERE AFFILIATES

400
350
300
250
200
150
100
50
0

1945 '46 '47 '48 '49 '50 '51 '52 '53 '54

in the Philippines, is processing crude produced by another Caltex company in Sumatra. Another new refinery, in which Caltex has a half interest, was completed early in 1955 at Sidon, Lebanon.

Expansion and modernization work on two refineries in Japan was completed during the year and was going forward on a third at the year's end. Caltex has a 50 per cent interest in each of these plants.

Elsewhere in the Eastern Hemisphere, work continued on construction of a new wholly owned refinery being built near Sydney, Australia. Additional facilities to improve product quality and increase output are planned or under construction at partially owned refineries at Bec d'Ambes, France; Cartagena, Spain; and San Martino, Italy.

The Bahrain Petroleum Company Limited produced an average of 30,100 barrels per day of crude oil on Bahrain Island in the Persian Gulf during 1954. Production by the Caltex company operating in Sumatra was 42,800 barrels daily in 1954.

An affiliated Australian company, which found oil in its initial well late in 1953, drilled a number of additional wells during 1954, but none of them was successful. Exploration is continuing in various parts of Western Australia. Caltex has an 80 per cent interest in this enterprise.

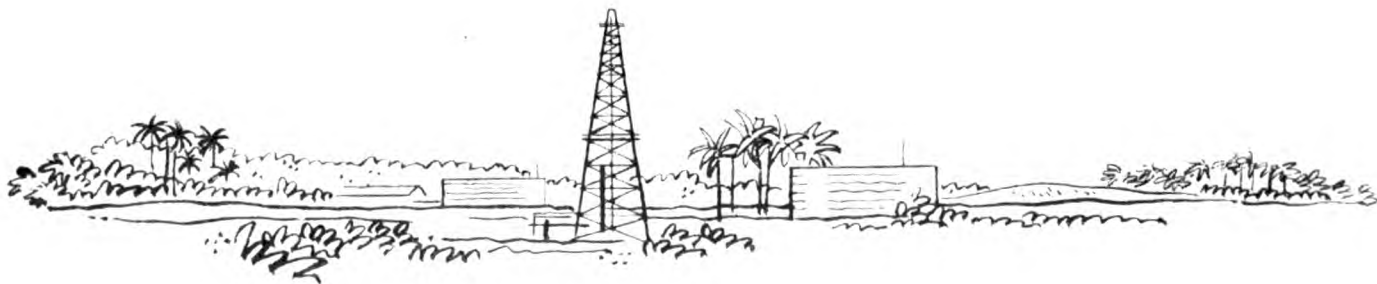
Another company with which Caltex is affiliated went ahead with exploration in New Guinea.

In France, an agreement was entered into with a government owned oil company for a joint-interest exploratory venture in the Paris Basin. Geological work has been started by this newly-formed organization in which Caltex has a 45 per cent interest.

Caltex geologists continued their search for additional oil in Bahrain and Sumatra. In other parts of the Eastern Hemisphere, field work was carried on in Algeria, Libya, Turkey and the Philippine Islands.

At the end of the year, the Caltex companies owned a total of 56 tankers flying the flags of Great Britain, The Netherlands, France and Panama, and were operating 40 additional vessels under charters. Three ocean-going tankers and one river tanker for use in Sumatra were under construction at the year's end.

IRAN With the settlement of the Iranian oil dispute late in 1954, it became necessary to re-establish marketing outlets for this country's crude and products. To market its 8 per cent share of the total output, the Company organized two trading subsidiaries. Iran's production for 1955 is estimated to be 300,000 barrels daily, of which the Company's share will be 24,000 barrels daily of crude oil and products.



Standard Oil Company of California

Consolidated Statement of Income

	1954	1953
<i>Gross Income:</i>		
Sales of products and services	\$1,113,342,595	\$1,080,425,144
Dividends from companies owned 50% or less operating in Eastern Hemisphere	107,971,887	60,827,369
Dividends from other companies	4,458,327	5,188,798
Profit on sale of common stock of Pacific Public Service Company	—	6,890,423
Other income	3,221,756	3,425,741
	<u>1,228,994,565</u>	<u>1,156,757,475</u>
<i>Expenses:</i>		
Purchased crude oil, petroleum products and other merchandise . .	372,358,870	349,961,653
Operating expenses, including exploration	422,671,337	400,949,457
Depreciation, depletion and amortization	118,767,648	108,114,984
Federal and other taxes based on income (estimated)	50,800,000	64,600,000
Other taxes	50,717,562	41,723,859
Interest on long term debt	1,695,218	1,851,343
Miscellaneous	111,483	102,729
	<u>1,017,122,118</u>	<u>967,304,025</u>
<i>Net Income</i>	<u>\$ 211,872,447</u>	<u>\$ 189,453,450</u>

Consolidated Statement of Earned Surplus

	1954	1953
<i>Balance at Beginning of Year</i>	\$689,858,404	\$586,424,530
<i>Net Income for Year</i>	211,872,447	189,453,450
<i>Dividends:</i>		
5% in capital stock of the Company	(104,657,107)	
Cash	(87,064,496)	(86,019,576)
<i>Balance at End of Year</i>	<u>\$710,009,248</u>	<u>\$689,858,404</u>

Consolidated Balance Sheet

ASSETS

	December 31	December 31
	1954	1953
<i>Current Assets:</i>		
Cash	\$ 91,408,832	\$ 77,494,489
U. S. Government securities, at cost which approximates market	86,396,976	95,809,432
Accounts and notes receivable (less reserves of \$1,970,000 in 1954 and \$1,905,000 in 1953)	132,197,229	118,974,455
<i>Inventories:</i>		
Crude oil and products, at cost (on last-in, first-out basis), which is below market	114,562,447	107,359,342
Other merchandise, at cost	13,500,164	11,990,679
Materials and supplies, at or below cost	36,065,828	36,922,673
	<u>474,131,476</u>	<u>448,551,070</u>
<i>Long Term Receivables</i> (less reserves of \$740,000 in 1954 and \$875,000 in 1953)	11,843,028	11,245,780
<i>Investments in Companies Not Wholly Owned (At or Below Cost):</i>		
Operating in foreign countries:		
Companies over 50% owned	639,193	364,384
Companies owned 50% or less	24,975,803	11,840,749
	<u>25,614,996</u>	<u>12,205,133</u>
Operating in the United States:		
Companies over 50% owned	2,987,756	3,036,620
Companies owned 50% or less	4,533,365	4,647,445
	<u>7,521,121</u>	<u>7,684,065</u>
<i>Properties, Plant and Equipment:</i>		
	Depreciation, Depletion and Amortization Reserves	
<i>Classification</i>	<i>Gross Book Value</i>	<i>Net Book Value</i>
Producing	\$1,272,438,285	\$618,462,083
Pipe Line	87,713,046	38,210,517
Manufacturing	423,742,242	186,327,371
Marine	86,366,695	27,527,958
Marketing	168,582,184	67,068,882
Motor Transport	20,432,993	10,942,170
Other	36,783,508	9,664,193
Total	<u>\$2,096,058,953</u>	<u>\$958,203,174</u>
	<u>\$1,137,855,779</u>	<u>\$1,137,855,779</u>
<i>Prepaid and Deferred Charges</i>	20,882,457	17,839,072
	<u>\$1,677,848,857</u>	<u>\$1,535,184,526</u>

Standard Oil Company of California

LIABILITIES

	December 31	December 31
	1954	1953
Current Liabilities:		
Accounts payable	\$ 105,959,306	\$ 77,833,234
Long term debt due within one year	1,424,680	5,124,680
Accrued interest on long term debt	496,440	501,138
Motor fuel taxes payable	8,841,700	8,404,139
Federal excise taxes payable	3,764,060	3,597,851
Federal and other taxes based on income (estimated)	58,037,598	67,424,441
Other accrued taxes payable	13,384,057	12,425,889
	<u>191,907,841</u>	<u>175,311,372</u>
 Long Term Debt:		
Standard Oil Company of California:		
1.85% loans from banks due August 1, 1958	50,000,000	50,000,000
Purchase obligation due annually to 1961	3,574,324	4,236,503
Subsidiary Companies:		
California Transport Corporation note (paid in 1954)	—	2,500,000
Salt Lake Pipe Line Company 2% to 3¼% notes due in varying amounts to 1974	24,912,500	22,675,000
	<u>78,486,824</u>	<u>79,411,503</u>
 Reserve—General Insurance	<u>21,051,073</u>	<u>18,866,483</u>
	291,445,738	273,589,358
 Capital Stock and Surplus:		
Capital stock—no par value:		
Shares authorized—40,000,000		
Shares issued—30,106,851 in 1954 and 28,673,192 in 1953	376,335,637	358,414,900
Capital surplus	300,058,234	213,321,864
Earned surplus	710,009,248	689,858,404
	<u>1,386,403,119</u>	<u>1,261,595,168</u>
	<u>\$1,677,848,857</u>	<u>\$1,535,184,526</u>

Notes to Financial Statements

Principles of Consolidation

The accounts of all wholly owned subsidiary companies are included in the consolidated financial statements. Items recorded in foreign currencies have been expressed in United States dollars as follows: Current and working assets and liabilities have been converted at rates of exchange in effect at the close of the year, and investments and fixed assets at rates in effect when acquired. Income, costs and expenses have been converted at average rates of exchange during the year, except depreciation, depletion and amortization which have been calculated on the United States dollar cost of properties. Unrealized profits or losses from conversion of items as described above are included in the statement of income.

Companies Not Wholly Owned

The Company's equity in undistributed net income of unconsolidated companies over 50% owned has increased \$3,130,188 since acquisition; dividends from them during the year exceeded the Company's equity in their 1954 net income by \$1,100,790.

The Company's estimate of its equity in the 1954 net income of companies owned 50% or less operating in the Eastern Hemisphere exceeded dividends declared by such companies during the year by \$9,427,210. Negotiations with the Saudi Arabian Government concluded late in 1954 resulted in readjustments of crude oil prices previously charged for oil produced by Arabian American Oil Company and sold to its affiliates. As a result of these readjustments, the Company's equity in the undistributed net income of companies owned 50% or less operating in the Eastern Hemisphere, as previously reported, was reduced by \$12,158,805 for periods prior to 1954.

Investments in companies owned 50% or less operating in foreign countries include \$12,646,041 at December 31, 1954 for companies participating in the Iranian venture, which amount is substantially the same as the Company's estimate of its equity in the net assets of such companies.

Undistributed net income which may be received as dividends from companies not wholly owned will

be subject to foreign and domestic taxes under laws prevailing at the time of distribution.

Properties, Plant and Equipment

Properties, plant and equipment are carried at values approved by the Directors at organization in 1926, plus subsequent additions at cost (less reserves).

Exploration expenditures resulting in the acquisition or retention of properties are capitalized, while the remainder is charged to expense. Costs of leaseholds which may ultimately prove unproductive are amortized at rates which are based upon past experience. Costs of wells capable of producing are capitalized, and costs of unproductive wells are charged to expense.

Taxes

The liability for Federal and other taxes on 1954 and prior years' income, which may result from the final interpretation of tax laws and regulations, is not presently determinable, but the amount provided at December 31, 1954 should be sufficient to meet such liability.

No provision has been made for income taxes which may be payable on future distributions from surplus of wholly owned subsidiary companies included in the consolidated statement of earned surplus.

Capital Stock

On September 30, 1954 the Board of Directors declared a dividend payable November 15, 1954 in capital stock of the Company at the rate of one share for each twenty shares held by shareholders of record on October 8, 1954. As a result of the stock dividend, 1,433,659 additional shares were issued.

A charge of \$104,657,107 was made against earned surplus representing \$73 per share for the 1,433,659 shares. Capital stock was credited with \$12.50 per share, or \$17,920,737, and the balance of \$86,736,370 was credited to capital surplus.

Retirement and Stock Plans

At December 31, 1954 the balance of the companies' contributions and related investment income, under various retirement plans, held by trust companies in the form of cash and securities (at cost) amounted to \$110,311,296. Contractual liabilities of the companies at that date were estimated to be approximately \$92,000,000.

During the year a total of \$10,461,298 was charged against income in connection with retirement plans. This amount exceeded by approximately \$1,025,000 the estimated accrual, including interest, for services during the year of active employees under the plans.

Contractual liabilities of the companies at December 31, 1954 do not include potential liabilities as to employees who had not attained the years of credited service required for vested rights to annuities, since their benefits under the plans may be modified or terminated under certain conditions. (Such potential liabilities are estimated at \$31,400,000 based

on actuarial assumptions as to mortality, turnover, interest, etc.)

The charge against income in 1954 in connection with the stock plan for employees amounted to \$5,229,424.

Contingent Liabilities

At December 31, 1954 the Company had contingent liabilities of \$40,466,000 as guarantor of notes of companies owned 50% or less operating in foreign countries.

The Company and its subsidiaries have certain other contingent liabilities (in addition to those referred to in the accompanying notes relating to "Taxes" and "Retirement and Stock Plans") in respect of litigation, claims, renegotiation, commitments and as guarantor of notes and contracts. Officials of the Company are of the opinion that such contingent liabilities will not result in any significant financial liability in relation to the net assets of the Company and its subsidiaries.

Report of Independent Public Accountants

To the Board of Directors of

Standard Oil Company of California:

In our opinion, the accompanying consolidated balance sheet and the related statements of income and earned surplus, together with the notes thereto, present fairly the position of Standard Oil Company of California and wholly owned subsidiary companies at December 31, 1954 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of such financial statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

San Francisco, March 14, 1955

Ten Years of Financial and Operating Statistics

		1954	1953	1952	
Financial	Net Income	\$ 211,872,447	\$ 189,453,450	\$ 174,030,499	
	Per Share (On 30,106,851 shares at Dec. 31, 1954)	\$ 7.04	\$ 6.29	\$ 5.78	
	Dividends	\$ 87,064,496	\$ 86,019,576	\$ 86,019,576	
	Stock (In year declared) and Stock Split	5%			
	Cash Per Share—(On shares outstanding during the year) . .	\$ 3.00	\$ 3.00	\$ 3.00	
	—(On 30,106,851 shares at Dec. 31, 1954)	\$ 2.89	\$ 2.86	\$ 2.86	
	Sales of Products and Services	\$1,113,342,595	\$1,080,425,144	\$1,015,309,183	
	Total Assets	\$1,677,848,857	\$1,535,184,526	\$1,407,198,494	
	Liabilities and Reserves	\$ 291,445,738	\$ 273,589,358	\$ 249,037,200	
	Shareholders' Equity—at Book Value	\$1,386,403,119	\$1,261,595,168	\$1,158,161,294	
	Per Share (On 30,106,851 shares at Dec. 31, 1954)	\$ 46.05	\$ 41.90	\$ 38.47	
	Number of Shareholders	114,607	112,269	109,749	
	Working Capital (Net Current Assets)	\$ 282,223,635	\$ 273,239,698	\$ 235,136,136	
	Properties, Plant and Equipment (Net)	\$1,137,855,779	\$1,037,659,406	\$ 977,159,390	
	Additions to Properties, Plant and Equipment	\$ 224,460,496	\$ 173,822,128	\$ 173,134,625	
	Depreciation, Depletion and Amortization	\$ 118,767,648	\$ 108,114,984	\$ 98,943,726	
	Operating	Eastern Hemisphere Affiliates*			
Dividends, Included in Company's Net Income		\$ 107,971,887	\$ 60,827,369	\$ 63,107,259	
Company's Equity in Undistributed Net Income for Year . .		\$ 9,427,210	\$ 48,629,242	\$ 48,797,435	
Excess of Company's Equity in Net Assets at Book Value Over Investment on Company's Books		\$ 384,949,027	\$ 375,521,817	\$ 326,892,575	
Gross Production of Crude Oil (Barrels)		115,465,657	115,307,843	114,939,389	
Gross Production of Natural Gas Liquids (Barrels)		7,292,424	8,018,482	8,487,923	
Total Gross Production		122,758,081	123,326,325	123,427,312	
Net Production of Crude Oil (Barrels)		101,502,370	102,184,179	102,324,013	
Net Production of Natural Gas Liquids (Barrels)		6,719,416	7,380,046	7,766,424	
Total Net Production		108,221,786	109,564,225	110,090,437	
Purchases of Crude Oil, Excluding Royalty (Barrels) . . .		97,607,713	106,667,583	100,426,017	
Refinery Runs of Crude Oil (Barrels)		157,069,992	163,010,634	149,394,855	
Sales of Petroleum Products (Barrels)		158,339,751	157,947,519	155,389,175	
Sales of Crude Oil (Barrels)		54,029,307	59,797,532	65,276,576	
Sales of Natural Gas (1,000 Cu. Ft.)		98,857,643	83,858,856	81,490,535	
WESTERN HEMISPHERE		Inventories of Crude Oil and Products (Barrels)	53,583,323	48,169,154	37,343,103
		Number of Wells Drilled†—Oil	530	438	504
	Gas	17	18	12	
	Dry	125	113	173	
	Total	672	569	689	
	Producing Oil and Gas Wells†	8,288	7,955	7,190	
	Acreage of Oil and Gas Properties (Net)—United States .	7,034,076	8,192,396	9,161,782	
	Acreage of Oil and Gas Properties (Net)—Foreign . . .	27,261,359	24,667,336	21,958,105	
	Number of Employees	35,354	34,940	34,753	
	EASTERN HEMISPHERE ★	Gross Production of Crude Oil (Barrels)	118,834,333	105,862,197	98,969,058
		Refinery Runs of Crude Oil (Barrels)	80,893,505	73,630,554	65,653,850
		Sales of Petroleum Products (Barrels)	74,309,271	69,355,890	61,887,419
	TOTAL WORLD-WIDE	Gross Production of Crude Oil (Barrels)	234,299,990	221,170,040	213,908,447
		Refinery Runs of Crude Oil (Barrels)	237,963,497	236,641,188	215,048,705
		Sales of Petroleum Products (Barrels)	232,649,022	227,303,409	217,276,594

† Wholly owned foreign subsidiaries not consolidated.

*Affiliates are owned 50% or less by Standard Oil Company of California.

★ Proportion of operations in Eastern Hemisphere represented by the Company's stock interest in affiliates* and subsidiaries.

Standard Oil Company of California and Wholly Owned Subsidiaries

1951	1950	1949	1948	1947	1946	1945
\$ 173,341,211	\$ 150,804,105	\$ 136,017,835	\$ 161,491,932	\$107,268,575	\$ 66,956,611	\$ 55,554,628
\$ 5.76	\$ 5.01	\$ 4.52	\$ 5.36	\$ 3.56	\$ 2.22	\$ 1.85
\$ 74,532,059	\$ 71,620,489	\$ 54,579,661	\$ 52,015,812	\$ 41,612,650	\$ 29,909,092	\$ 26,007,906
2 for 1 split		5%	5%			
\$ 2.60	\$ 5.00	\$ 4.00	\$ 4.00	\$ 3.20	\$ 2.30	\$ 2.00
\$ 2.48	\$ 2.38	\$ 1.81	\$ 1.73	\$ 1.38	\$.99	\$.86
\$ 975,378,009	\$ 815,619,774	\$ 742,551,413	\$ 744,826,950	\$537,051,570	\$372,797,407†	\$343,327,684†
\$1,365,574,023	\$1,232,953,325	\$1,157,703,362	\$1,108,329,832	\$876,185,264†	\$785,467,400†	\$738,346,440†
\$ 295,423,652	\$ 261,612,106	\$ 265,545,759	\$ 297,610,403	\$166,639,126†	\$139,633,787†	\$128,744,086†
\$1,070,150,371	\$ 971,341,219	\$ 892,157,603	\$ 810,719,429	\$709,546,138	\$645,833,613	\$609,602,354
\$ 35.55	\$ 32.26	\$ 29.63	\$ 26.93	\$ 23.57	\$ 21.45	\$ 20.25
104,857	98,605	94,691	91,247	90,850	89,313	87,260
\$ 227,860,822	\$ 189,925,412	\$ 237,121,201	\$ 209,078,283	\$103,273,784†	\$ 90,373,940†	\$113,442,810†
\$ 903,492,635	\$ 852,475,966	\$ 772,735,397	\$ 737,583,518	\$637,988,557	\$550,800,590	\$499,807,870
\$ 143,450,870	\$ 160,800,692	\$ 123,535,228	\$ 163,544,554	\$141,610,339	\$103,479,534	\$ 77,413,081
\$ 86,764,464	\$ 75,266,439	\$ 75,706,705	\$ 66,103,378	\$ 48,968,790	\$ 41,662,603	\$ 46,815,850
\$ 58,968,783	\$ 47,884,120	\$ 28,500,055	\$ 27,500,010	\$ 13,617,365	—	—
\$ 43,508,636	\$ 15,638,340	\$ 36,707,388	\$ 43,821,937	\$ 26,973,458	\$ 21,249,611	\$ 7,065,000
\$ 278,095,140	\$ 231,374,231	\$ 203,561,153	\$ 166,917,609	\$123,030,996	\$ 69,245,986	\$ 47,741,914
111,426,595	105,544,906	102,281,654	105,744,494	96,487,141	86,076,571	79,649,127
8,332,537	7,835,752	7,654,297	6,537,084	4,810,494	3,944,701	3,955,279
119,759,132	113,380,658	109,935,951	112,281,578	101,297,635	90,021,272	83,604,406
99,828,523	94,328,612	92,725,769	98,984,688	89,711,905	79,871,615	74,252,786
7,622,818	7,134,647	6,977,229	6,315,896	4,516,053	3,666,586	3,696,068
107,451,341	101,463,259	99,702,998	105,300,584	94,227,958	83,538,201	77,948,854
92,051,859	71,071,051	59,485,111	61,392,572	53,173,289	44,120,105	40,687,257
138,515,189	110,457,378	111,554,922	114,357,782	100,419,302	90,251,860	95,008,019
147,941,128	132,015,903	120,223,445	125,158,407	115,264,553	100,045,785	105,406,961
62,454,867	56,424,028	44,698,001	40,762,966	34,814,322	29,013,501	18,222,937
87,403,369	113,834,252	117,118,776	113,137,874	92,632,760	83,333,510	90,571,132
33,166,131	31,790,618	33,554,437	31,847,195	25,107,386	24,512,212	22,491,319
448	412	370	633	433	396	529
12	9	13	19	20	23	18
103	67	70	79	76	57	112
563	488	453	731	529	476	659
6,907	6,498	5,679	6,048	5,506	5,142	4,838
7,670,213	4,032,434	3,786,653	4,038,228	4,091,019	3,630,517	3,068,584
12,002,935	6,456,752	6,624,713	5,841,766	8,085,640	6,149,001	5,396,280
32,339	30,671	29,846	31,983	31,252	28,222	27,246
89,061,491	65,546,693	57,868,380	48,325,189	31,660,849	33,976,784	14,309,967
60,182,070	45,762,083	42,087,263	40,893,417	36,074,496	31,681,648	13,163,750
55,503,182	42,830,039	42,771,070	38,203,335	43,667,891	19,954,159	10,737,676
200,488,086	171,091,599	160,150,034	154,069,683	128,147,990	120,053,355	93,959,094
198,697,259	156,219,461	153,642,185	155,251,199	136,493,798	121,933,508	108,171,769
203,444,310	174,845,942	162,994,515	163,361,742	158,932,444	119,999,944	116,141,637

§ Based on Company's estimate.

†On basis of Company's net interest in all wells in which it has an equity.

FIGURES IN PARENTHESES ARE COMPANY VOTING INTEREST (%)

PRINCIPAL AREAS OF OPERATION

United States

STANDARD OIL COMPANY OF CALIFORNIA	Exploration, Producing, Transporting, Refining and Marketing
AMERICAN BITUMULS & ASPHALT COMPANY (100)	Refining and Marketing Asphalts and Asphalt Emulsions
CALIFORNIA COMMERCIAL COMPANY, INC. (100)	Service Company
CALIFORNIA RESEARCH CORPORATION (100)	Research and Development
CALIFORNIA SPRAY-CHEMICAL CORPORATION (100)	Agricultural Sprays
CALIFORNIA TANKER COMPANY (100)	Marine Transportation and Marketing
CHEVRON OIL COMPANY (100)	Geophysical Surveys
LOMITA GASOLINE COMPANY (100)	Natural Gasoline
MURVALE OIL COMPANY (100)	Producing
ORONITE CHEMICAL COMPANY (100)	Chemicals
PACIFIC OIL COMPANY (100)	Shale Lands
PASOTEX PETROLEUM COMPANY (100)	Exploration, Producing and Marketing
PASOTEX PIPE LINE COMPANY (100)	Oil Transportation
SALT LAKE PIPE LINE COMPANY (100)	Oil Transportation
SALT LAKE REFINING COMPANY (100)	Refining
SOUTH CENTRAL PETROLEUM CORPORATION (100)	Producing
STANDARD GAS COMPANY (100)	Oil and Gas Transportation
STANDARD OIL COMPANY OF TEXAS (100)	Exploration, Producing, Refining and Marketing
STANDARD PIPE LINE COMPANY (100)	Oil Transportation
STANDARD STATIONS, INC. (100)	Service Station Operation
THE CALIFORNIA COMPANY (100)	Exploration, Producing and Marketing
THE CALIFORNIA OIL COMPANY (100)	Refining and Marketing
HUNTINGTON BEACH COMPANY (63.64)	Oil Royalties and Land
COL-TEX REFINING COMPANY (62.50)	Producing, Refining and Marketing
AMERICAN GILSONITE COMPANY (50)	Gilsonite
POCAHONTAS TERMINAL CORPORATION (50)	Oil Terminal

California, Washington, Oregon,
Arizona, Nevada, Idaho, Utah,
Hawaii and Alaska
United States and Puerto Rico

New York and Washington, D.C.
California
United States and Foreign
United States and Foreign
United States and Canada
California
California
United States and Foreign
Colorado
Oklahoma
Texas
Utah, Colorado, Idaho, New Mexico,
Oregon, Texas and Washington
Utah
Kentucky
California
Texas and New Mexico

California
Seven Western States
Rocky Mountain, Central, Eastern and
Southeastern States
Eastern United States
California
Texas
Utah and Colorado
Portland, Maine

Canada

STANDARD OIL COMPANY OF BRITISH COLUMBIA LIMITED (100)	Refining and Marketing
THE CALIFORNIA STANDARD COMPANY (100)	Exploration and Producing

Western Canada
Western Canada

Standard Oil Company of California and Subsidiaries

FIGURES IN PARENTHESES ARE COMPANY VOTING INTEREST (%)

PRINCIPAL AREAS OF OPERATION

Central and South America

CALIFORNIA ECUADOR PETROLEUM COMPANY (100)	Exploration
CALIFORNIA EXPLORATION COMPANY (100)	Exploration Investigations
COMPAÑIA COMERCIAL CALIFORNIA, S. A. (96)	Service and Marketing
COMPAÑIA PETROLERA CALIFORNIA, LTD. (100)	Marketing
RICHMOND EXPLORATION COMPANY (100)	Exploration and Producing
RICHMOND OIL COMPANY (100)	Exploration
RICHMOND PETROLEUM COMPANY OF COLOMBIA (100)	Exploration

Ecuador
Foreign
Mexico
Guatemala, El Salvador and Canal Zone
Venezuela
Peru
Colombia

Caribbean Area

BAHAMA CALIFORNIA OIL COMPANY LIMITED (100)	Exploration
DOMINION OIL LIMITED (100)	Exploration

Bahama Islands
Trinidad

Middle East and Far East

ARABIAN AMERICAN OIL COMPANY (30)	Exploration, Producing and Refining
TRANS-ARABIAN PIPE LINE COMPANY (30)	Oil Transportation
THE BAHRAIN PETROLEUM COMPANY LIMITED (50)	Producing and Refining
N. V. CALTEX PACIFIC PETROLEUM MAATSCHAPPIJ (50)	Exploration and Producing
FAR PACIFIC INVESTMENTS, INC. (50)	Investments

Saudi Arabia
Middle East
Bahrain Island (Persian Gulf)
Indonesia
Netherlands New Guinea

CALIFORNIA TRANSPORT CORPORATION (100)	Marine Transportation and Marketing
INTERNATIONAL BITUMEN EMULSIONS CORPORATION (100)	Asphalt Emulsions

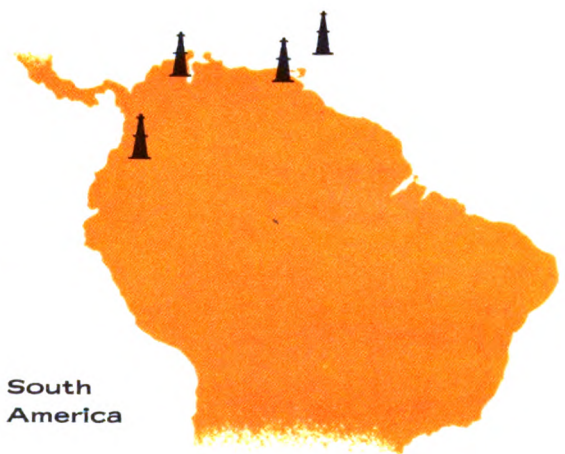
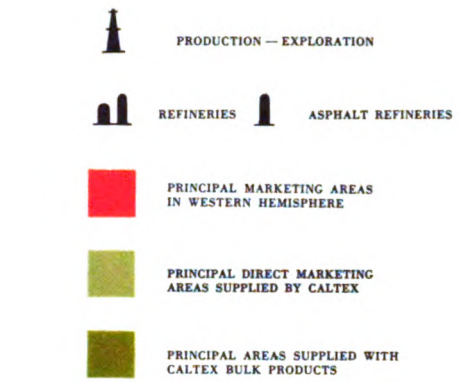
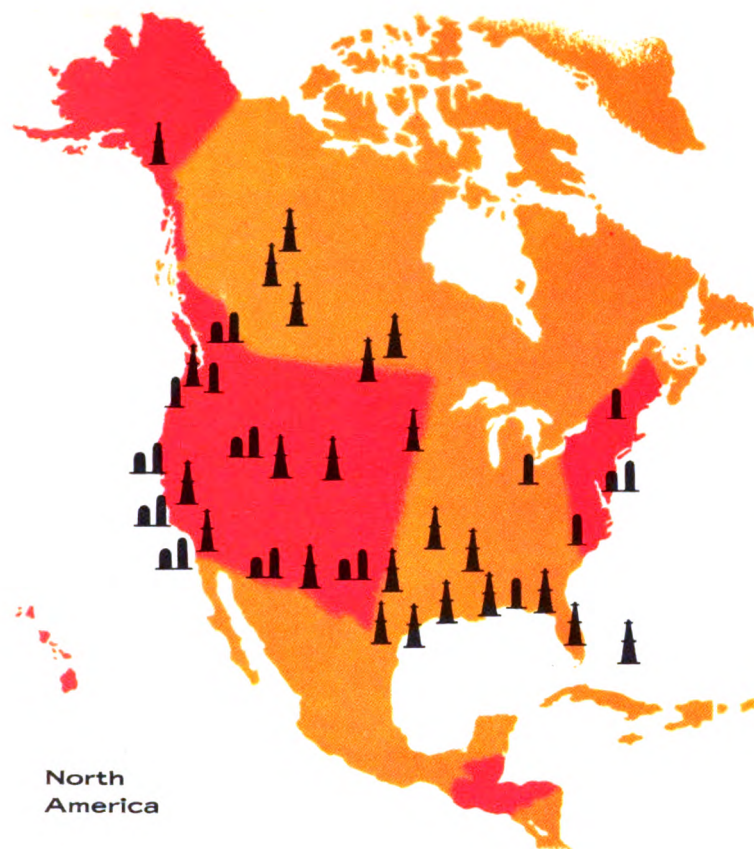
Foreign
North and South America
and Pacific area
Iran
Foreign

IRAN CALIFORNIA OIL COMPANY (100)	Owns Interest in Iranian Venture
IRAN OIL SALES COMPANY (100)	Marketing

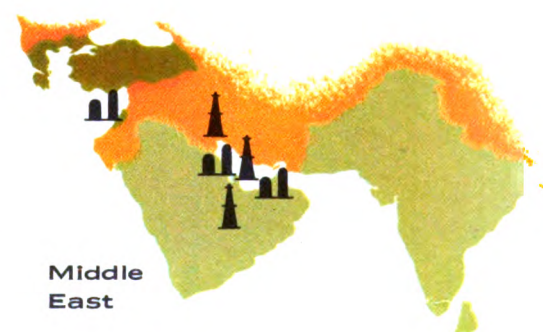
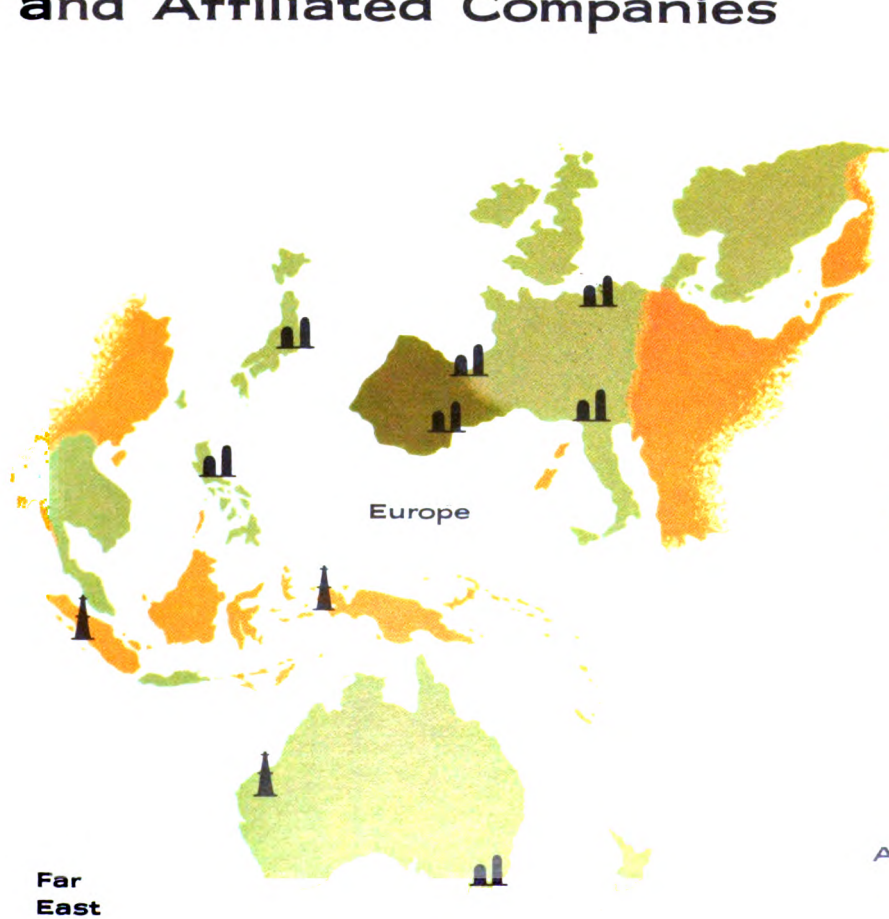
Other Foreign Areas

AMERICAN OVERSEAS PETROLEUM LIMITED (50)	Exploration
CALTEX OCEANIC LIMITED (50)	Marketing
CALTEX OIL PRODUCTS COMPANY (50)	Marketing and Investments
CALTEX (U. K.) LIMITED (50)	Marketing
MID-EAST CRUDE SALES COMPANY LIMITED (50)	Crude Marketing
OVERSEAS TANKSHIP CORPORATION (50)	Marine Transportation
UNITED OVERSEAS PETROLEUM COMPANY LIMITED (50)	Service Company
WEST AUSTRALIAN PETROLEUM PTY. LIMITED (40)	Exploration
CALIFORNIA TEXAS OIL COMPANY, LIMITED (50)	Management of Foreign Affiliates
CALIFORNIA TEXAS CORPORATION (50)	Owns Stocks

Eastern Hemisphere
Foreign
Foreign
Foreign
Foreign
Foreign Commerce
England and Continental Europe
Western Australia
Eastern Hemisphere
Subsidiaries conduct marine transporta-
tion, exploration, refining and marketing
business serving Eastern Hemisphere ex-
cept Russia, China, Central Europe and
portions of West Africa.



y and Affiliated Companies



ANNUAL MEETING OF SHAREHOLDERS . . . FIRST THURSDAY IN MAY, AT THE COMPANY'S
PRINCIPAL BUSINESS OFFICE, STANDARD OIL BUILDING, 225 BUSH STREET, SAN FRANCISCO.

TRANSFER AGENTS: Standard Oil Company of California, Standard Oil Building, San Francisco
20, California; The Chase National Bank of the City of New York, 11 Broad Street, New York 15, N. Y.

REGISTRARS: Anglo California National Bank, 1 Sansome Street, San Francisco 20,
California; The National City Bank of New York, 55 Wall Street, New York 15, N. Y.

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